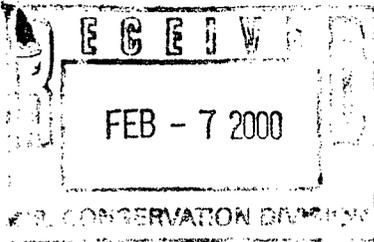


DHC 2/28/00



CAULKINS OIL COMPANY

P. O. BOX 340
BLOOMFIELD, NEW MEXICO 87413
PHONE: 505-632-1544
FAX 505-632-1471

2653

February 3, 2000

State of New Mexico
Oil Conservation Division
ATTN: Lori Wrotenberry
2040 South Pacheco
Santa Fe, NM 87504

Re: Administrative Approval to Downhole Commingle
Breech 755, Sec. 13-T26N-R7W, Unit Letter G
Basin Dakota and Blanco Mesa Verde Formations
Rio Arriba County, New Mexico

Dear Ms. Wrotenberry:

This well is waiting on APD approval. Caulkins Oil Company requests approval to commingle well by following procedure:

- Move in workover rig.
- Drill out stage tools.
- Run correlation collar log.
- Perforate and frac Dakota.
- Set retrievable bridge plug between Dakota and Mesa Verde zones.
- Perforate and frac Mesa Verde zone.
- Clean out and test Mesa Verde zone.
- Pull retrievable bridge plug.
- Clean out and test Dakota – Mesa Verde combined.
- Subtract Mesa Verde test from combined test for percentage allocations.
- Land tubing.
- Move rig.
- Submit test results to NMOCD for final percentage allocation approvals.

All Caulkins Oil Company's and offset operators' wells immediately surrounding this well are currently commingled in these formations. The most recent commingles being Caulkins Oil Company Breech 812-M, Conoco Reams Com #3Y and Reams Com #2-M. Please reference DHC #2495, DHC #1646 and #1647.

- Please find the enclosed:
- Form C-107-A
 - Form C-102 for each zone
 - Vicinity map
 - Notification list of offset operators
 - Sundry notice notifying BLM of intentions to commingle

If you have any questions, please contact me at 505-632-1544. Thank you.

Sincerely,

Robert L. Verquer
Superintendent

DISTRICT I

P.O. Box 1980, Hobbs, NM 88240

DISTRICT II

811 South First St., Artesia, NM 88210

DISTRICT III

1000 Rio Brazos Rd., Aztec, NM 87410

State of New Mexico

Energy, Minerals and Natural Resources Department

OIL CONSERVATION DIVISION

2040 South Pacheco

Santa Fe, New Mexico 87505-6429

Form C-107-A

New 3-12-96

APPROVAL PROCESS:

Administrative Hearing

EXISTING WELLBORE

YES NO

APPLICATION FOR DOWNHOLE COMMINGLING

CAULKINS OIL COMPANY

P.O. BOX 340, BLOOMFIELD, NM 87413

OPERATOR

ADDRESS

BREECH

755

G - SEC. 13-26N-7W

RIO ARRIBA

LEASE

WELL NO.

UNIT LTR. - SEC. - TWP. - RGE.

COUNTY

Spacing Unit Lease types: (check 1 or more)

OGRID NO. 003824

Property Code 2454

API NO. 30-039-27236

Federal X, State, (and/or) Fee

Table with 4 columns: The following facts are submitted in support of downhole commingling, Upper Zone, Intermediate Zone, Lower Zone. Rows include Pool Name, Pay Section, Type of production, Method of Production, Bottomhole Pressure, Oil Gravity, Producing or Shut-In, Production Marginal, and Fixed Percentage Allocation.

9. If allocation formula is based upon something other than current or past production, or is based upon some other method, submit attachments with supporting data and/or explaining method and providing projections or other required data.

10. Are all working, overriding, and royalty interests identical in all commingled zones? X Yes No

If not, have all working, overriding, and royalty interests been notified by certified mail? Yes No

Have all offset operators been given written notice of the proposed downhole commingling? X Yes No

11. Will cross-flow occur? X Yes No If yes, are fluids compatible, will the formations not be damaged, will any cross-flowed production be recovered, and will the allocation formula be reliable. X Yes No (If No, attach explanation)

12. Are all produced fluids from all commingled zones compatible with each other? X Yes No

13. Will the value of production be decreased by commingling? Yes X No (If Yes, attach explanation)

14. If this well is on, or communitized with, state or federal lands, either the Commissioner of Public Lands or the United States Bureau of Land Management has been notified in writing of this application. X Yes No

15. NMOCD Reference Cases of Rule 303(c) Exceptions: ORDER NO(S). DHC-2495; DHC-1646; DHC-1647

16. ATTACHMENTS:

- C-102 for each zone to be commingled showing its spacing unit and acreage dedication.
Production curve for each zone for at least one year. (If not available, attach explanation.)
For zones with no production history, estimated production rates and supporting data.
Data to support allocation method or formula.
Notification list of all offset operators.
Notification list of working, overriding, and royalty interests for uncommon interest cases.
Any additional statements, data, or documents required to support commingling.

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Robert L. Verquer TITLE SUPERINTENDENT DATE February 2, 2000

TYPE OR PRINT NAME ROBERT L. VERQUER

TELEPHONE NO. (505) 632-1544

EXHIBIT "H"

District I
 PO Box 1980, Hobbs, NM 88241-1980
 District II
 811 South First, Artesia, NM 88210
 District III
 1000 Rio Brazos Rd., Aztec, NM 87410
 District IV
 2040 South Pacheco, Santa Fe, NM 87505

State of New Mexico
 Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION
 2040 South Pacheco
 Santa Fe, NM 87505

Form C-102
 Revised October 18, 1994
 Instructions on back
 Submit to Appropriate District Office
 State Lease - 4 Copies
 Fee Lease - 3 Copies

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-039-27236	² Pool Code 71599	³ Pool Name BASIN DAKOTA
⁴ Property Code 2454	⁵ Property Name Breech	⁶ Well Number 755
⁷ OGRID No. 003824	⁸ Operator Name Caulkins Oil Company	⁹ Elevation 6463 GL

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
G	13	26N	7W		1579'	North	1874'	East	Rio Arriba

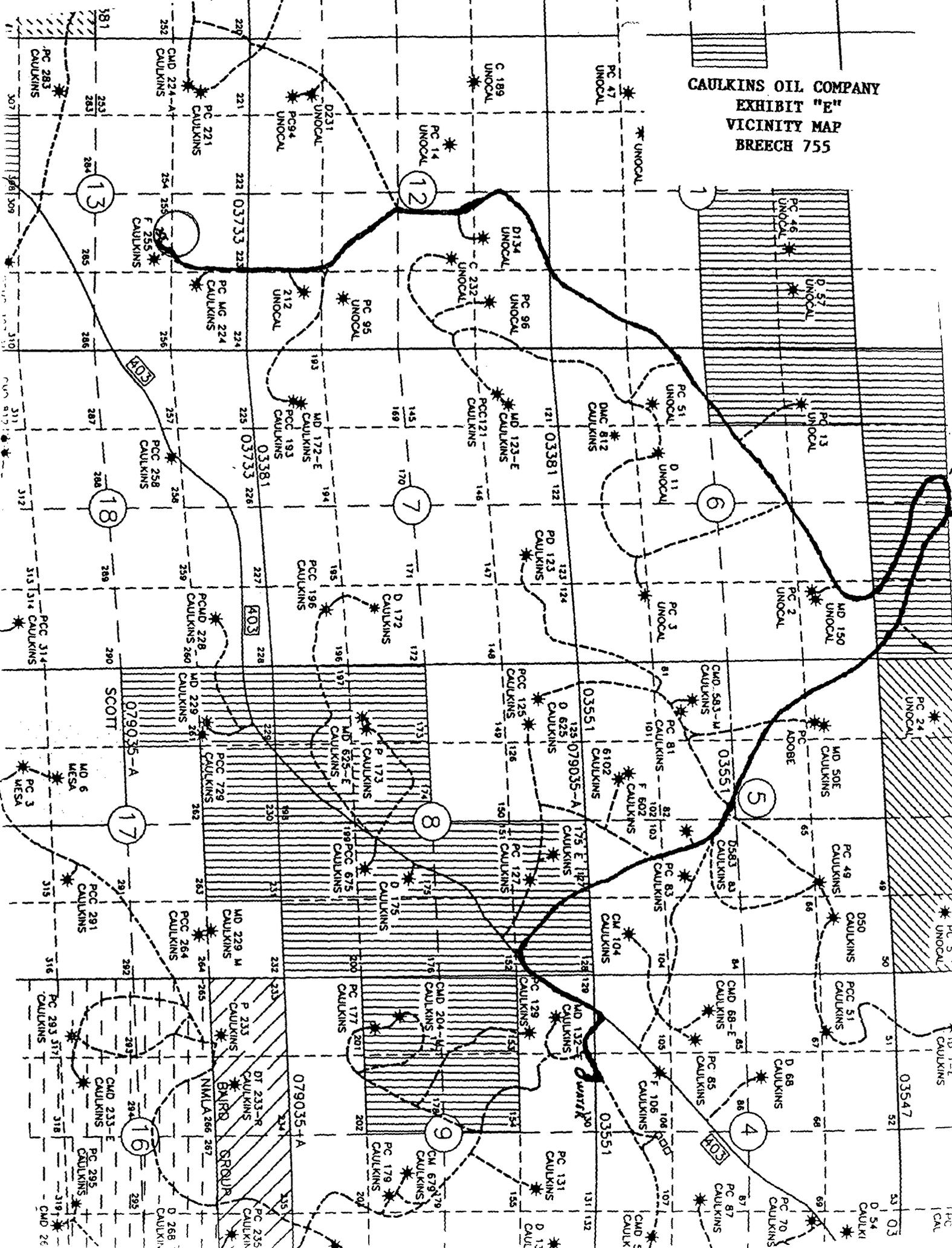
¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
¹² Dedicated Acres 320	¹³ Joint or Infill Infill	¹⁴ Consolidation Code	¹⁵ Order No.						

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

¹⁶ 	¹⁷ OPERATOR CERTIFICATION I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief Signature <i>Robert L. Verquer</i> Printed Name Robert L. Verquer Title Superintendent Date December 7, 1999
	¹⁸ SURVEYOR CERTIFICATION I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief. Date of Survey Signature and Seal of Professional Surveyor: Certificate Number

CAULKINS OIL COMPANY
EXHIBIT "E"
VICINITY MAP
BREECH 755



CAULKINS OIL COMPANY
EXHIBIT "E"
VICINITY MAP
BREECH 755



CAULKINS OIL COMPANY

P. O. BOX 340

BLOOMFIELD, NEW MEXICO 87413

PHONE: 505-632-1544

FAX 505-632-1471

February 3, 2000

The following list is all the offset operators to Caulkins Oil Company well Breech 755, section 13, township 26N, range 7W

Burlington Resources
P. O. Box 4289
Farmington, NM 87499

Conoco, Inc.
3315 Bloomfield Highway
Farmington, NM 87401

Dugan Production
709 E. Murray Dr. Box 420
Farmington, NM 87401

Union Oil and Gas of California
ATTN: Heather Dahlgren
1004 Big Spring
Midland, TX 79702

**UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT**

5. Lease
NMNM-03733

SUNDRY NOTICES AND REPORTS ON WELLS

(Do not use this form for proposals to drill or to deepen or plug back to a different reservoir. Use "APPLICATION FOR PERMIT--" for such proposals)

6. If Indian, Allottee or Tribe Name

7. Unit Agreement Name

1. Oil Well Gas Well Other
GAS WELL

8. Well Name and No.
BREECH 755

2. Name of Operator:
Caulkins Oil Company

9. API Well No.
30-039-27236

3. Address of Operator: **(505) 632-1544**
P.O. Box 340, Bloomfield, NM 87413

10. Field and Pool, Exploratory Area
DAKOTA, MESA VERDE

4. Location of Well (Footage, Sec., Twp., Rge.)
1579' F/N 1874' F/E SEC. 13-26N-7W

11. Country or Parish, State
Rio Arriba Co., New Mexico

12. CHECK APPROPRIATE BOX(S) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION	
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Abandonment	<input type="checkbox"/> Change of Plans
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Recompletion	<input type="checkbox"/> New Construction
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Plugging Back	<input type="checkbox"/> Non-Routine Fracturing
	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> Water Shut-Off
	<input type="checkbox"/> Altering Casing	<input type="checkbox"/> Conversion to Injection
	<input checked="" type="checkbox"/> Other <u>Downhole Commingle</u>	<input type="checkbox"/> Dispose Water

17. Describe Proposed or Completed Operations:

2-2-00 Approval to downhole commingle this well has been submitted to the NMOCD.
Commingling documents attached.
Pending approval, commingling will be done by the following procedure.
Move in workover rig. Drill out stage tools.
Run correlation collar log.
Perforate and frac Dakota.
Set retrievable bridge plug between Dakota and Mesa Verde zones.
Perforate and frac Mesa Verde zone.
Clean out and test Mesa Verde zone.
Pull retrievable bridge plug.
Clean out and test Dakota - Mesa Verde combined.
Subtract Mesa Verde test from combined test for percentage allocations.
Land tubing. Move rig.
Submit test results to NMOCD for final percentage allocation approvals.

NOTE: The format is issued in lieu of U.S. BLM Form 3160-5

18. I HEREBY CERTIFY THE FOREGOING IS TRUE AND CORRECT

SIGNED: Robert L. Verquer TITLE: Superintendent DATE: February 2, 2000
ROBERT L. VERQUER

APPROVED BY: _____ TITLE: _____ DATE: _____
CONDITIONS OF APPROVAL, IF ANY